

## Message Text

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PAGE 01 BUDAPE 02452 251134Z  
ACTION FBO-05

INFO OCT-01 EUR-12 ISO-00 A-01 L-03 /022 W  
-----064111 251139Z /17

P R 251024Z JUL 77  
FM AMEMBASSY BUDAPEST  
TO SECSTATE WASHDC PRIORITY 8979  
INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE BUDAPEST 2452

FOR A/FBO, A, EUR/EE, EUR/EX, L/M  
LOND FOR AMBASSADOR KAISER

E.O. 11652: N/A  
TAGS: ABLD, HU, AFSP, PFOR  
SUBJECT: BUDAPEST PROPERTY NEGOTIATIONS

REF: BUDAPEST 2407 (NOTAL)

1. THINGS WENT FRIDAY FROM BAD TO WORSE. THURSDAY  
DSD SUGGESTED TALKS BE POSTPONED UNTIL OCT. SO FIN MIN  
COULD ESTABLISH PROPERTY VALUES. FRIDAY DSD SAID  
TEAM'S DRAFT MEMO OF AGREEMENT WAS UNACCEPTABLE BECAUSE  
(A) THEY WILL NOT/CANNOT JOIN THE SALE OF USG PROPERTIES  
TO GOH IN THE SAME DOCUMENT AS CONTRACT FOR SERVICES  
AND LEASES OF PROPERTIES FROM DSD; (B) THEY DO NOT  
ACCEPT OUR TYING OF DSD'S DELIVERIES OF SERVICES TO GOH'S  
ACQUISITION OF TITLES; THEY WANT TITLES AS SOON AS  
AGREEMENT SIGNED AND THEY WILL DELIVER SERVICES ON  
SEPARATE BASIS; (C) IT DEVELOPED THAT DSD CANNOT SIGN  
CONTRACT COMMITTING THE CONSTRUCTION OF MAJOR  
BUILDINGS OR ASSIGNMENT OF BUILDINGS SITES -- THEY ARE  
RESPONSIBILITY OF THE GOVERNMENT WHICH WOULD SIGN A  
GOVERNMENT-TO-GOVERNMENT AGREEMENT AUTHORIZING THE  
SITE AND CONSTRUCTION, FOLLOWED BY A LOWER-LEVEL DOCUMENT  
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SETTING UP COSTS AND THE RULES FOR CONSTRUCTION.  
AND THEN DSD WOULD CONSTRUCT.

2. WE STILL FAILED, DESPITE CONTINUING REQUESTS AND  
NEEDLING, TO GET GOH TEAM TO GIVE US A COUNTER-PROPOSAL.  
THEY INDICATED WE COULD SETTLE AT A LEVEL OF 30-32,000,000  
FORINTS (\$1.5-1.6 MILLION), BUT WOULD NOT COMMIT

THEMSELVES EVEN TO MAKE SUCH AN OFFER. THEY STATED THAT THEIR POSITION DEPENDS ON THE OFFER WE MAKE AND THAT OUR PRESENT POSITION IS TOO OUTRAGEOUSLY HIGH TO CONTEMPLATE OR RESPOND TO. IT IS APPARENT THAT DSD TEAM HAS NO AUTHORITY, DESPITE MFA'S ASSURANCES TO EMBASSY THAT IT WOULD BE EMPOWERED TO NEGOTIATE A DECISION.

3. CHARGE PRESSED DSD TEAM TO OUTLINE WHAT STEPS WE TAKE TO GET ANYWHERE FROM WHERE WE ARE NOW. DSD FINALLY AGREED TO PROVIDE EMBASSY WITH SAMPLE COPIES OF THE AGREEMENTS REQUIRED PROVIDED EMBASSY PREPARES THE USUAL FORM OF NOTE VERBALE, WHICH CONSISTUTES A REQUEST FOR CONTRACT ACTION, ON THE SERVICES THE EMBASSY WILL REQUEST OF DSD. EVEN AS THEY WERE PROMISING THESE SAMPLE DOCUMENTS, THE DSD ATTORNEY WAS PROTESTING TO HIS CHIEF THAT HE COULD NOT WRITE SUCH A DOCUMENT. WHEN CHARGE SUGGESTED A GOVERNMENT-TO-GOVERNMENT AGREEMENT AT TOP LEVELS, COVERING ALL ASPECTS, AND LETTING GOH DECIDE WHICH OF ITS AGENCIES WOULD EXECUTE THE SEVERAL PARTS, DSD PROTESTED THIS WAS IMPOSSIBLE. THEY WANT THEIR ROLE MAINTAINED.

4. WE ARE APPALLED BY THIS LATEST GLIMPSE OF HUNGARIAN BUREAUCRATIC BUNGLING. IN THE LIGHT OF THIS, THE PRESENT CHANCERY LOOKS AN AWFUL LOT BETTER THIS LIMITED OFFICIAL USE

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EVENING THAN IT DID THIS MORNING. SWAN PLANS TO SEE AMBASSADOR KAISER IN LONDON MONDAY; WE ALL NEED TO THINK THROUGH WHERE WE WANT TO GO; AND PERHAPS CHARGE CAN DISCUSS EMBASSY'S REVISED THINKING WHEN HE REACHES DEPARTMENT IN AUGUST OR SEPTEMBER. THREE MEMBERS OF TEAM LEAVING BUDAPEST SAT MORNING; GERTH REMAINS FOR MONDAY MEETING IN MFA.  
MUDD

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NEGOTIATIONS, REAL PROPERTY DISPOSAL  
**Control Number:** n/a  
**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977BUDAPE02452  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770264-0582  
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**From:** BUDAPEST  
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**Litigation History:**  
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**Message ID:** c3d68264-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION FBO  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 BUDAPEST 2407  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
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**Review Event:**  
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**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1763809  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** BUDAPEST PROPERTY NEGOTIATIONS  
**TAGS:** ABLD, AFSP, PFOR, HU, US  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/c3d68264-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
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US Department of State  
EO Systematic Review  
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